

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATE FITZPATRICK | ELIZABETH FONTAINE | JOHN B. LANGAN | JAMES M. MACHADO | ROBERT B. MCCARTHY

MEMORANDUM

TO: Boston Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: February 18, 2015

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

The largest governmental unit, the City consistently makes its appropriation in July. However, some of the other governmental units make monthly payments or do not make the entire appropriation in July. The Board should consider either adjusting the overall assumed date of payment used in the funding schedule or adjusting the appropriation by individual unit, to reflect the expected date of future payments. We are available to discuss this with you.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



SECTION 2: Valuation Results for the State-Boston Retirement System – SBRS excluding Teachers

CHART 2 – 16
Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Inactive Sheriff Liability	(4) Amortization of Remaining Unfunded Liability	(5) Crossover Payment Savings	(6) Savings from Additional Payment in Fiscal 2011	(7) Total Employer Contributions: (2) + (3) + (4) + (5) + (6)	(8) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(9) Percent Increase in Total Cost
2015	\$50,861,431	\$3,874,533	\$172,467,403	\$(14,679,118)	\$(9,449,628)	\$203,074,621	\$1,757,121,413	9.25%
2016	53,358,481	3,874,532	185,708,637	(14,679,118)	(9,449,628)	218,812,904	1,721,238,454	7.75%
2017	55,977,598	3,874,532	200,047,520	(14,679,118)	(9,449,628)	235,770,904	1,670,222,908	7.75%
2018	58,724,726	3,874,532	215,572,637	(14,679,118)	(9,449,628)	254,043,149	1,601,493,522	7.75%
2019	61,606,099	3,874,532	232,379,608	(14,679,118)	(9,449,628)	273,731,493	1,512,205,236	7.75%
2020	64,628,252	3,874,532	250,571,646	(14,679,118)	(9,449,628)	294,945,684	1,399,216,721	7.75%
2021	67,798,037	3,874,532	270,260,152	(14,679,118)	(9,449,628)	317,803,975	1,259,057,686	7.75%
2022	71,122,641	3,874,532	291,565,356	(14,679,118)	(9,449,628)	342,433,783	1,087,889,765	7.75%
2023	74,609,598	3,874,532	314,617,017	(14,679,118)	(9,449,628)	368,972,401	879,863,466	7.75%
2024	78,266,806	3,874,532	339,555,170	(14,679,118)	(9,449,628)	397,567,762	630,876,964	7.75%
2025	82,102,549	3,874,532	355,977,372	(14,679,118)	(9,449,628)	417,825,707	335,723,149	5.10%
2026	86,125,509	--	--	--	--	86,125,509	--	-79.39%
2027	90,344,794	--	--	--	--	90,344,794	--	4.90%
2028	94,769,948	--	--	--	--	94,769,948	--	4.90%
2029	99,410,982	--	--	--	--	99,410,982	--	4.90%
2030	104,278,390	--	--	--	--	104,278,390	--	4.90%

Notes: Recommended contribution is assumed to be paid on July 1.

Item (2) reflects 4.5% growth in payroll and 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to generational mortality assumption.

Anticipates deferred investment gains.

Recommended contribution for fiscal 2015 reflects budgeted amount.

Projected normal cost does not reflect the future impact of pension reform for new hires.